
Appropriations Committee

HB 1271

Brief Description: Receiving a disability allowance under the law enforcement officers' and fire fighters' retirement system, plan 2.

Sponsors: Representatives Simpson, Curtis, Conway, Hinkle, Morrell, Moeller, Green, O'Brien, P. Sullivan, Kenney, McDonald, Campbell, Chase, B. Sullivan, Ormsby, Kilmer, McCoy, Jarrett, Serben and Strow; by request of LEOFF Plan 2 Retirement Board.

Brief Summary of Bill

- Provides members of the Law Enforcement Officers' and Fire Fighters' Plan 2 (LEOFF 2) disabled in the line of duty from continued employment as a fire fighter or law enforcement officer to collect an unreduced retirement benefit based on 2 percent of final average salary for each year of service.
- Provides LEOFF 2 members totally disabled in the line of duty from any gainful activity a retirement benefit equal to 70 percent of the member's final average salary.

Hearing Date: 2/16/05

Staff: David Pringle (786-7310).

Background:

Members of the Law Enforcement Officers' and Fire Fighters' Retirement System, Plan 2 (LEOFF 2) are eligible for a retirement allowance of 2 percent of average final salary for each year of service credit earned at age 53. Members of LEOFF 2 may apply for early retirement beginning at age 50; however, the member's benefit is reduced by 3 percent per year below age 53 if the member has 20 or more years of service, and fully actuarially reduced if the member has less than 20 years of service.

If a member becomes disabled for a non-duty related reason, a member may receive a retirement allowance based on the 2 percent of average final salary formula that is actuarially reduced from age 53 to the age at disability. A member of LEOFF 2 who leaves service as a result of a line of duty disability or after earning 10 or more years of service may also request a refund of 150 percent of the member's accumulated contributions. A member with fewer than 10 years of service may request 100 percent of the member's contributions. In either case, a member who requests a refund of contributions is ineligible for a disability or service retirement allowance.

The 2004 Legislature passed House Bill 2418, which increased disability benefits for LEOFF 2 members disabled in the line of duty beyond those provided for non-duty disabilities. As a result of HB 2418, a member of LEOFF 2 who leaves service as a result of a line of duty disability is eligible to receive a retirement allowance of at least 10 percent of final average salary. If the 2 percent per year of service disability benefit, actuarially reduced for the difference between age 53 and age at retirement, results in a greater benefit than the minimum 10 percent, the member receives the greater benefit.

In addition to disability benefits from the retirement system, members of LEOFF 2 (unlike members of LEOFF 1) are eligible for job-related disability, medical, and death benefits from the Workers' Compensation System administered by the Department of Labor and Industries.

Summary of Bill:

A member of LEOFF 2 who is disabled in the line of duty is eligible to receive a disability retirement allowance of at least 10 percent of final average salary plus 2 percent per year of service for each year of service beyond five, without actuarial reduction.

A member of LEOFF 2 who is totally disabled in the line of duty and unable to perform any substantial gainful activity, when the condition is expected to result in death or that has lasted or is expected to last a least 12 months, is entitled to receive a retirement allowance equal to 70 percent of final average salary. "Substantial gainful activity" is defined as average earnings of no more than \$810 per month, adjusted annually for inflation.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill contains an emergency clause and takes effect immediately.